

Message from the Co-Chairs

We are pleased to provide you with your 2007/2008 Annual Report.

After five years of positive investment returns, this has been a challenging year for super investors. Greater volatility in Australian and international markets has seen returns fall into negative territory for the first time in six years, making some investors nervous.

As you are aware, most superannuation funds including FIRST recorded negative returns and we as Directors are very disappointed with the performance for the 2007/08 year when compared to the returns achieved by FIRST Super over the past five years*. We also understand how this must concern members, particularly those closer to retirement.

A major contributor to these results has been the credit crisis which has seen significant falls in share markets both locally and around the world.

FIRST returns for all four investment options are shown on page 2 of the Annual Report.

The following table shows how your investment options have performed to 30 June 2008*:

Superannuation Division	2007/08 crediting rate
Core portfolio	-6.30%
Cash Plus portfolio	4.70%
Diversified portfolio	-4.30%
Shares portfolio	-14.80%

* Investments may rise or fall in value. Past performance is not a reliable indicator of future performance. See page 3 for full details.

Taking a long-term view

We are pleased to note that returns remain strong over the medium to long term.

The Core portfolio, where most members are invested, has recorded an average compound crediting rate of 9.71% over the past 5 years and 7.37% over the last 10 years*. This is a competitive result for members.

Superannuation is a long-term investment, through which members accumulate retirement savings over their working lives. If members wish to review their superannuation and other investment strategies, our successor fund, First Super, provides access to a full-time financial planner who is available to meet with members. First Super also provides access to commission-free fee-for-service financial planning and advisory services.

A new era begins

On 1 July 2008, FIRST Super merged with the Timber Industry Superannuation Scheme (TISS) and the Pulp and Paper Workers Superannuation Fund (PPW).

This is an exciting time for members and employers, who can expect to access a range of additional benefits and services.

On behalf of the Trustee Board and the FIRST Super Executive team, we would like to thank all past Directors and management for the work undertaken on behalf of workers in the furniture industry and related sectors since 1987.

We would also like to thank you, our members and employers, for your support. We will continue to represent your interests as Directors of the newly merged fund, First Super.

Further details about the benefits and services available through First Super were set out in the merger information we sent you and can be found in the First Super Member Guide (PDS) and the First Super Member Magazine provided with this Report.

Martin Lewis

Chair, FIRST Superannuation Pty Ltd
Chief Executive Officer – FIAA Ltd

Michael O'Connor

Deputy Chair, FIRST Superannuation Pty Ltd
National Secretary – CFMEU F&FPD

Issued in November 2008 by First Superannuation Pty Ltd, ABN 62 003 252 971, AFSL 247004 RSEL L0001229, Trustee of the Furniture Industry Retirement & Superannuation Trust. The material in this report has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the material in light of your own objectives, financial situation or needs before making a decision.

Investment performance

FIRST Super provides members with a choice of four investment options. Historical earnings and crediting rates for each of these options to 30 June 2008 are as follows:

Core portfolio*

Financial year end	Crediting Rate
2008	-6.30%
2007	16.30%
2006	15.25%
2005	12.00%
2004	13.00%
2003	1.25%
2002	-2.95%
2001	7.00%
2000	11.25%
1999	9.50%

* Known as the Balanced Option until 30 June 2006

The average compound crediting rate over the last 5 years is 9.71% p.a. and 10 years is 7.37%.

Cash portfolio

Financial year end	Crediting Rate
2008	4.70%
2007	5.70%

Diversified portfolio

Financial year end	Crediting Rate
2008	-4.30%
2007	12.20%

Shares portfolio

Financial year end	Crediting Rate
2008	-14.80%
2007	20.20%

Important note: Past performance should not be taken as an indicator of future returns. The value of investments can rise or fall over time.

In July 2008, these investment options were closed and members were generally moved into the new investment options offered by First Super. Most members will be in the First Super Growth option, which is very similar to the (old) FIRST Super Core portfolio.

Reserves

The Trustee will maintain a reserve for administration and operational purposes only, not for investment smoothing purposes.

Details of the reserve kept for each of the past three years is as follows:

Date	Reserve
30 June 2008	\$1,059,027
30 June 2007	\$1,159,734
30 June 2006	\$1,765,365

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Investment strategy

Important note: These investment strategies applied to FIRST Super investments up to 30 June 2008. After that date, the Fund offered four new investment strategies through First Super. Details were set out in the Merger Information we sent you and can be found in the First Super Member Guide (PDS) and the First Super Member Magazine.

FIRST Super provided members with a choice of four investment options. Each investment option had a different investment return objective, a different blend of assets and different levels of risk.

The following objectives and strategies were common to all four investment options:

- Manage our investments to ensure sufficient liquidity to meet cash-flow requirements.
- With the exception of the Cash Plus portfolio, limit investment risk by diversifying within and between asset classes.
- With the exception of the Cash Plus portfolio, place not more than 40% of each portfolio's assets with one external fund manager.

- Permit our investment managers to use futures, options and other derivative instruments to effectively manage FIRST Super's assets by hedging against risk.
- Not invest more than 10% of FIRST Super's assets in any one investment without the Trustee's specific consideration and approval.
- Disclose holdings of more than 5% of FIRST Super's assets in any one investment to members in annual reports.
- Ensure that FIRST Super's interest in any externally managed pooled fund does not exceed 10% of the assets of that pool, unless the Trustee specifically authorises a larger investment.

The investment objectives and strategies for each investment portfolio are outlined below.

Core portfolio	Diversified portfolio	Shares portfolio	Cash Plus portfolio
Objectives: <ul style="list-style-type: none"> – To achieve an investment return, (after tax and investment expenses), that exceeds inflation, as measured by increases in the Consumer Price Index, by at least 4.5% per annum over rolling five-year periods. – To achieve an investment return, (after tax and investment expenses), that exceeds the median of the SuperRatings Default Option Survey over rolling five-year periods. 	Objectives: <ul style="list-style-type: none"> – To achieve an investment return, (after tax and investment expenses), that exceeds inflation, as measured by increases in the Consumer Price Index, by at least 3.5% per annum over rolling five-year periods. – To achieve an investment return, (after tax and investment expenses), that exceeds the median of the SuperRatings Conservative Balanced Survey over rolling three-year periods. 	Objectives: <ul style="list-style-type: none"> – To achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 5% per annum over rolling seven-year periods. – To achieve an investment return (after tax and investment expenses) that exceeds the SuperRatings High Growth Option Survey over rolling three-year periods. 	Objectives: <ul style="list-style-type: none"> – To achieve an investment return (after tax and investment expenses) that exceeds the UBSA Bank Bill Index, over rolling one-year periods. – To achieve a positive return over rolling one-year periods.
Risk Profile: <ul style="list-style-type: none"> – Expected return: 8.8% p.a. – Chance of negative return: 22% (1 in every 4 years) 	Risk Profile: <ul style="list-style-type: none"> – Expected return: 7.8% p.a. – Chance of negative return: 16% (1 in every 6 years) 	Risk Profile: <ul style="list-style-type: none"> – Expected return: 9.1% p.a. – Chance of negative return: 30% (1 in every 3 years) 	Risk Profile: <ul style="list-style-type: none"> – Expected return: 5.6% p.a. – Chance of negative return: 0%

Strategic Asset Allocation

	Core portfolio %	Diversified portfolio %	Shares portfolio %	Cash Plus portfolio %
Australian Shares	35	23	60	
International Shares	27	17	40	
Unlisted Property	10	8		
Private Equity	2	2		
Alternatives	12			
Infrastructure	4			
Fixed Income	5			
Diversified Fixed Interest		25		
Absolute Return Strategies		10		
Cash	5	15		100

Empty fields indicate zero asset allocation.

Managed Investment Funds and Direct Investment Funds

To help invest your super, we use professional managed investment funds and regularly monitor their performance. We also make direct investments in a number of areas. The following list shows the investment funds employed by FIRST Super and the direct investments made throughout the 2007/2008 financial year:

- Alliance Bernstein Global Style Blend Fund
- AMP Capital Guaranteed Fund
- AMP Core Property Fund
- AMP Site Fund
- BGI Australian Share Fund (PST)
- BGI International Alpha Equity Hedged Fund
- Citigroup (Legg Mason Diversified Fixed Income)
- Credit Suisse International Shares Fund
- Eley Griffiths Group Small Cap Fund
- GMO Equity Long/Short term
- GMO Multi Strategy Trust
- IFBT
- ING Private Capital Fund
- ISPT No 2 Fund
- ISPT Development Fund
- Legg Mason Emerging Markets
- Macquarie Mait 111 & 1V Fund
- Maple-Brown Abbott Australian Equity Trust
- Orion Australian Equities Trust
- Principal Global Strategic Income Fund
- SMHL
- SSgA Asia Pacific Equity Market Neutral Fund
- SSgA Global Fixed Income Index Trust
- UBS Cash Plus Fund
- Warrakirri

Investments greater than 5%

At 30 June 2008, the following investments had a market value in excess of 5% of the total assets of the Fund:

- | | | | |
|--|------|--|------|
| • Orion Australian Equities Trust | 9.7% | • Maple-Brown Abbott Australian Equity Trust | 6.3% |
| • BGI Australian Share Fund (PST) | 8.7% | • Alliance Bernstein Global Style Blend Fund | 6.1% |
| • BGI International Alpha Equity Hedged Fund | 7.7% | • ISPT No 2 Fund | 5.8% |
| • AMP Core Property Fund | 6.7% | • UBS Cash Plus Fund | 5.5% |
| • GMO Equity Long/Short term | 6.7% | | |
| • Credit Suisse International Shares Fund | 6.5% | | |

The Fund had no investment in any associated enterprise that has a market value in excess of 5% of total assets.

2007/2008 Abridged Financial Statements

The audit of the financial statements is complete, and a clear audit opinion has been received. Copies of the audited financial statements, Actuarial Report, Trust Deed or any other prescribed documentation are available upon request.

Statement of Financial Position as at:	30 June 2008 \$	30 June 2007 \$
Assets		
Investments	501,205,772	524,501,384
Other assets	10,197,025	11,952,802
FITB	–	36,788
Total Assets	511,481,805	536,490,974
Liabilities		
Income Tax payable	–	-5,302,615
PDIT	–	-5,045,948
Accounts payable	-517,766	-3,735,584
Provision for Employee Benefits	–	-73,741
Total Liabilities	-517,766	-14,157,888
NET ASSETS	510,964,039	522,333,086
Represented by Liability for Accrued Benefits		
Members Funds	509,905,012	521,173,352
Reserves	1,059,027	1,159,734
LIABILITY FOR ACCRUED BENEFITS	510,964,039	522,333,086
Changes in Financial Position for Year Ended:		
	30 June 2008 \$	30 June 2007 \$
Revenue		
Revenue from Investments	-35,857,403	78,000,703
Revenue from Contributions	58,688,933	62,077,744
Other revenue	-251,519	1,170,629
Total Revenue	22,580,011	141,249,076
Total Expenditure	-4,848,438	-3,832,570
Benefits Accrued before Income Tax	17,731,573	137,416,506
Income Tax expense	-1,865,746	-\$13,955,551
BENEFITS ACCRUED AFTER TAX	\$15,865,827	\$123,460,955

Assets transferred to TISS at 30 June 2008

On 30 June 2008, Furniture Industry Retirement Superannuation Trust (FIRST) and Pulp & Paper Workers Superannuation Fund (PPW) merged with Timber Industry Superannuation Scheme (TISS) via a successor Fund agreement. TISS changed its name to First Super on 1 July 2008.

Operations

The Trustee

The Trustee of FIRST Super is F.I.R.S.T. Superannuation Pty Ltd ABN 62 003 252 971, AFSL 247004 RSEL L0001229, which is responsible for ensuring that the Fund is managed in accordance with the Trust Deed and regulations set down under the Superannuation Industry (Supervision) Act and other legislation.

FIRST Super is a regulated fund. As such, FIRST Super must be audited and must lodge an annual return with APRA each year. The Trustee holds professional indemnity insurance.

The Trustee is supported by the Chief Executive Officer, Stephen Rowe.

The Board of Directors

The FIRST Super Directors are paid a fee for preparing for and attending meetings. This fee is paid either to the sponsoring organisation or directly to the individual. At 30 June 2008, the Directors of FIRST Super were:

Employer representatives

- John Elder: FIAA Ltd; ACE Super appointee
- Martin Lewis (Fund Chair): FIAA Ltd
- Mike Radda: UCI Ltd
- Martin Videon: FIAA Ltd

Member representatives

(Nominated by the CFMEU Forestry & Furniture Products Division)

- Michael O'Connor: (Deputy chair) CFMEU, F&FPD – VIC (ACE Super appointee)
- Frank Vari: CFMEU, F&FPD – VIC
- Craig Smith: CFMEU – NSW
- Paul Ferreira: CFMEU, F&FPD – WA

Alternate Directors

Ronald Scott for Martin Lewis, Mike Radda and John Elder (FIAA Ltd)

Committees

The Trustee has established sub-committees to deal with issues and make recommendations to the full Board.

Service providers

FIRST Super appoints professional advisers to assist in the day-to-day running of the Fund. All advisers are appointed following a process of due diligence.

At 30 June 2008, FIRST Super used the following service providers:

Administration:

Australian Administration Services Pty Ltd

Asset Consultant:

JANA Investment Advisers Pty Ltd

Auditor:

Ernst & Young

Insurer:

Hannover Life Re of Australasia Limited

Legal Adviser:

DMAW Lawyers

Credit Control Agency:

Industry Funds Credit Control Pty Ltd (IFCC)

Important information

Trust Deed changes

No changes were made to the Trust Deed during the year.

Crediting rates

Crediting rates are the earnings allocated to members accounts net of tax, fees and a small administration reserve.

Interim crediting rates

If you withdraw money from your account or change your investment portfolio during the year before end-of-year crediting rates are declared, an 'interim crediting rate' is applied to your account.

We use accumulated monthly crediting rates to determine your account balance at the time of withdrawal. These rates are applied for the period starting from 1 July or the date that you last switched your investment portfolio (whichever is the latter), through to the date of withdrawal. The overall rate thus calculated is the interim crediting rate.

The interim crediting rates vary throughout the year and may be positive or negative, depending on the investment performance of each investment portfolio at that particular time.

Interim crediting rates are calculated monthly, based on the actual return of each portfolio and sector returns weighted by each portfolio benchmark allocation for the remaining period. The estimated return is then annualised.

Important note: From 1 July 2008, the method of determining interim rates has been replaced by a new monthly crediting rate. Details were set out in the Merger Information we sent you, and can be found in the First Super Member Guide (PDS) and the First Super Member Magazine.

Reserves

FIRST Super maintains a small administration reserve (funded by all members) which is used to cover any operating deficits and any other contingencies. This reserve is not expected to exceed 0.5% of accounts.

Derivatives

FIRST Super does not use derivative instruments. However, external managers may use them to manage pooled investment vehicles in which the Trustee invests. Where this is the case, the Trustee considers the associated risks and controls that are in place by monitoring the manager's Risk Management Statement.

Socially Responsible Investing

Labour standards and environmental, social or ethical considerations may be taken into account in the selection, retention or realisation of investments.

Superannuation surcharge

The superannuation surcharge payable by high-income earners on contributions and termination payments made on or after 1 July 2005 has been abolished. However, the ATO continues to send assessments relating to prior years. Should FIRST Super receive such an assessment, we will deduct the charge directly from your account.

Trustee indemnity insurance

Through ZIB Insurance Brokers Limited, we have taken out Trustee Liability insurance. The policy is with QBE Insurance Limited.

Protecting your benefit

Commonwealth Government regulations protect the benefits of members with account balances less than \$1,000.

Normally fees for small account holders may not exceed the amount of earnings credited to your account, but in times of negative investment returns, the amount charged may be up to \$10 in direct fees. This ensures that your investment is usually protected and does not get eroded by fees and charges. Tax and insurance premiums will, however, continue to be deducted from your account, regardless of your balance, until it reaches zero.

Privacy

FIRST Super has arrangements in place to protect the privacy of members' personal information, which will only be shared with other organisations for the purpose of administering your account or as otherwise authorised by you. A copy of our Privacy Policy is available on request.

Eligible Rollover Fund (ERF)

In accordance with superannuation legislation, FIRST Super has nominated an Eligible Rollover Fund (ERF) to receive lost members accounts or members with small inactive accounts. Our nominated ERF is AUSfund, Australia's Unclaimed Super Fund (AUSfund).

Being transferred to AUSfund may affect your benefits because:

- you will cease to be a member of FIRST Super and any insurance cover will cease;
- you will become a member of AUSfund and be subject to its governing rules. If FIRST Super can provide AUSfund with current contact details, AUSfund will send you their current Product Disclosure Statement (PDS). You can ask AUSfund for a copy of their PDS;
- accounts of \$50 or more attract a levy of \$10 per year or part-year, while lower balances are not subject to the levy and do not earn interest. AUSfund generally protects all accounts from erosion due to administration levy, so that the levy cannot exceed the interest credited to each account;
- AUSfund may have a different investment strategy to FIRST Super. You can ask AUSfund for a copy of its PDS for more details;
- AUSfund does not offer insured benefits in the event of death or disability.

You can contact AUSFund at:

AUSfund Administration
PO Box 2468
Kent Town SA 5071

Phone: 1300 361 798 (for the cost of a local call)

Fax: 1300 366 233 (for the cost of a local call)

Email: Admin@AUSfund.net.au

Web: www.unclaimedsuper.com.au

Complaints

The Trustee has established a procedure to deal fairly with member complaints. All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with within 90 days. If you believe you have a complaint, please write to:

Superannuation Complaints Officer
c/o First Super
PO Box 666
Carlton South VIC 3053

Once the Trustee has investigated your complaint, you will receive a written reply explaining the Trustee's decision. If you are not satisfied with this decision, you may choose to take your complaint to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body established by the Commonwealth Government to review certain types of Trustee decisions. If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Fund to come to a mutual agreement. If conciliation is unsuccessful, the complaint will be referred to the Tribunal for a determination which is binding.

There is no time limit for complaints to the Tribunal about most trustee decisions. However, time limits do apply to making certain complaints to the Tribunal in relation to Death & Total and Permanent Disablement (TPD) benefits.

The Tribunal can only deal with a complaint relating to denial of a TPD benefit if:

- a) you claim a TPD benefit from the Fund within two years of permanently ceasing employment (the date your employment is formally terminated rather than the last day you are able to work) and;
- b) you lodge your complaint with the Tribunal within two years of the Trustee's original decision to deny your claim. Even if the Trustee is still reviewing your claim and considering new evidence, you must complain to the Tribunal within two years of the original decision.

The Tribunal can only deal with a complaint relating to the payment of a death benefit if you object to the Trustee's initial proposal for the distribution of the benefit within 28 days and you lodge your complaint with the Tribunal within 28 days after the Trustee has considered your objection.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, you can contact the SCT at:

Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne VIC 3001
t: 1300 780 808
f: 03 8635 5588
e: info@sct.gov.au
w: www.sct.gov.au

If your complaint is outside the jurisdiction of the SCT, you have the right to take your complaint to the following alternate independent resolution body: the Financial Ombudsman Service (FOS). FOS will advise you if they can hear the complaint and can be contacted at:

Financial Ombudsman Service (FOS)
GPO Box 3
Melbourne VIC 3001
t: 1300 780 808
w: www.fos.org.au

This service is provided to you free of charge.

Contact details

Enquiries:

c/o First Super (merged entity)
1 Grattan Street
Carlton VIC 3053

t: 1300 360 988 (Local call costs apply from anywhere in Australia.)

f: 1300 362 899
e: mail@firstsuper.com.au
w: www.firstsuper.com.au

This report has been printed on paper made in Australia.

Important information: Issued in November 2008 by First Superannuation Pty Ltd, ABN 62 003 252 971, AFSL 247004 RSEL L0001229, Trustee of the Furniture Industry Retirement & Superannuation Trust. This is general information only and does not take into account your personal circumstances or situation. You should assess your own financial situation, read the new First Super Member Guide (PDS) and consult an adviser if required before making a decision to see if this product still meets your needs. Contact First Super on 1300 360 988 for a copy of the PDS or download it from www.firstsuper.com.au